

Article - Health - General

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§15–103.7.

(a) In this section, “Program” means the program established by the Department under subsection (b) of this section.

(b) (1) The Department shall establish a value-based purchasing program that awards financial incentives to and assesses penalties on managed care organizations based on the organization’s performance on health measures established by the Department.

(2) The Department shall, in accordance with this section, establish criteria to implement the Program, including the establishment of performance targets, award of incentives, and collection of penalties.

(c) Not more than 1% of the amount of capitated payments received by a managed care organization each year shall be subject to the collection of penalties under the Program.

(d) For each measurement year, beginning January 1, 2021, the Department may not in any calendar year pay a total amount of incentives to managed care organizations under the Program in an amount that exceeds:

(1) The total amount of penalties the Department collects from managed care organizations under the Program; and

(2) Any additional funds allocated by the Department to support the Program.

(e) (1) For each measurement year, beginning January 1, 2021, the Department shall base the initial distribution of funding awarded under the Program to a managed care organization in each calendar year on the number of performance targets that the managed care organization meets or exceeds.

(2) For each measurement year, beginning January 1, 2021, if the total amount of penalties that the Department collects under the Program exceeds the total amount of incentive funding awarded in the initial distribution of funds in a calendar year under the Program, the remaining funds shall be allocated as follows:

(i) 40% to managed care organizations that have met or exceeded more performance targets than the managed care organization has not met;

(ii) 25% to managed care organizations that the Department determines have demonstrated performance improvement in the measurement year, if the managed care organizations use the funding to target performance improvement in areas identified by the Department;

(iii) 25% for health improvement programs under the Maryland Medicaid Managed Care Program, with the funding used to fund enhancements in:

1. Areas where the Maryland Medicaid Managed Care Program as a whole underperforms as compared to equivalent programs in other states; or

2. Areas determined by the Department to be a State health priority;

(iv) Except as provided in item (v) of this subsection, 10% to establish a reserve in the HealthChoice Performance Incentive Fund to be used in any calendar year in which the amount of penalties the Department collects under the Program are insufficient to pay incentives earned by managed care organizations; and

(v) If the Department may not allocate funds, in whole or in part, in accordance with item (iv) of this paragraph because of the limitation in paragraph (3) of this subsection, the Department shall equally allocate the remaining funds for use under items (i), (ii), and (iii) of this paragraph.

(3) The Department may not allocate funds under paragraph (2)(iv) of this subsection in a manner that causes the balance in the HealthChoice Performance Incentive Fund to exceed \$5 million.

(f) Subject to the provisions of this section, the Department may modify the Program if the Department:

(1) Adopts by regulation any changes to the core set of performance measures and the methodology for penalties, rewards, disincentives, or incentives under subsection (e)(1) and (2)(i) of this section before the calendar year for which the managed care organizations will be held accountable for the standard compliance with the performance measures; and

(2) Notifies each managed care organization of the core set of performance measures and targets under subsection (e)(1) and (2)(i) of this section at least 3 months before the calendar year for which the managed care organization will be held accountable to the standard for compliance with the performance measures.

(g) Any penalty or capitation adjustment imposed under this section on a managed care organization may not be accomplished or implemented by withholding a capitation payment.

(h) The Department shall adopt regulations to carry out this section.

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